

# Social and Ethics Committee report



Ntombi Langa-Royds

“The Mpact Code of Ethics translates our values into practical action and sets the standard of integrity and ethics in dealing with internal and external stakeholders.”

## Introduction

The Social and Ethics Committee (the committee) assists the Board in monitoring Mpact’s performance as a good and responsible corporate citizen and performs its duties in terms of regulation 43 under the Companies Act, No. 71 of 2008 (the Companies Act). The committee is further governed by its terms of reference which are reviewed annually and updated with relevant changes to legislation, other legal requirements and codes of best practice. The committee operates within its terms of reference and reports its proceedings to the Board on a quarterly basis.

The committee further reports to shareholders at the Annual General Meeting on relevant matters.

## Composition and meeting procedures

The committee comprises four Independent Non-executive Directors and one Executive and is chaired by Ntombi Langa-Royds. Other members of the committee are Maya Makanjee, Neo Dongwana, Andrew Thompson and Bruce Strong. Key senior managers attended meetings of the committee by invitation. The committee held four meetings during the year under review and attendance at these meetings is shown on page 58.

## Integrity and ethics

Mpact’s standard of integrity and ethics in dealing with its internal and external stakeholders is outlined in the Group’s Code of Ethics available on our website. The Code translates Mpact’s values into practical action. The committee is responsible for monitoring application of the Group’s policies of best practice with regard to the commitment to governance of and reporting on Mpact’s sustainable development performance.

Employees also have access to Tip-offs Anonymous, a whistle-blowing facility independently administered by Deloitte & Touche, to report allegations of improper conduct.

## Material sustainability issues

The committee is responsible for annually revising or determining, in conjunction with senior management, the Group’s material sustainability issues. The Group continued to improve sustainability reporting during the period under review. The external assurance on material sustainability issues has improved and will continue to remain an activity of the committee with assistance of the Audit and Risk Committee.

The material matters are discussed on pages 46 and 47 and set out in the Sustainability Review available on the Company’s website. 🌐

## Activities of the committee Transformation

Mpact’s transformation agenda is built on the premise of sustainability and inclusiveness to ensure that our stakeholders benefit over the long term. Specific activities are managed and monitored under the following headings:

- Employment Equity Plan.
- Black ownership and management control.
- Skills development.
- Preferential procurement.
- Enterprise development.
- Socio-economic development.

The committee believes that transformation and the sustainability of the business are inextricably linked.

## Environment, health and safety

The Group is guided by the government initiatives to reduce carbon emissions by changing the behaviour of producers and consumers. The committee reviews quarterly reports on the Group emissions. The Group has developed an energy strategy to optimise energy usage and to evaluate energy generation technologies.

The Mpac Energy Centre of Excellence continues to make good progress with implementing the Group's energy strategy. The committee is pleased with the initiatives to improve energy across the Group. All manufacturing plants have installed online electricity meters that are calibrated to SABS standards and upload consumption figures in real time to the LiveWire database.

Water use for manufacturing has declined considerably and notable savings have been achieved at Felixton Mill, Corrugated East London, Corrugated Epping, Corrugated Kuils River, Corrugate PE, Plastics Containers Brits, Plastics Pinetown, Versapak Paarl, and Wadeville Closures. Despite recent rains, Western Cape sites continue their drive to reduce water consumption and particularly municipal water use.

The Group is committed to providing a safe and healthy working environment for all employees, contractors and service providers. The principle of "Zero harm" and target of zero incidents is entrenched at each of Mpac's operations.

The committee regularly reviews the safety and health initiatives of the Group. Monitoring safety initiatives remained a priority and quarterly feedback was reviewed on leading indicators to track conformance with the programmes, particularly the Behaviour-Based Safety and Safety Culture Programmes. Similarly, Safety Days with Sam (our safety mascot) were observed by operations to generate increased awareness.

The Group continues to improve safety using these established programmes with an emphasis on increasing usage of the wellness programme which has proven a success since its implementation. The implementation of the wellness programme was in line with the strategy to address social issues identified to be contributing to safety incidents by providing employees help with health, psychological, social and financial advice, as well as legal support.

The programme aims to reduce their stress levels and increase focus at work, thereby reducing accidents and increasing productivity.

In 2020, the Group will roll out the learnings and strategy derived from the Safety Culture assessment conducted in late 2019. Focus areas will be:

- Simplification and standardisation of procedures
- Incident investigation training
- General safety training

Our vision remains to be a leading packaging business with the highest ethical standards, delivering exceptional value for customers, employees, communities and shareholders. In this regard, the safety of employees is a priority.

Notwithstanding our safety performance in 2019, the Group is encouraged that the interventions that have been put in place are helping to reach the target of zero harm and we need to ensure that this remains the case.

In pursuit of excellence, Mpac adheres to various local and international standards, and where applicable, its operations are certificated. Among others, these standards deal with quality, environment, food safety, worker safety and health.

Mpac adheres to environmental and safety legal registers that keep it abreast of changes in legislation.

## Stakeholder management

Mpac engages with stakeholders on an ongoing basis to understand their key concerns and identify ways to address the various social, economic and environmental challenges they and the Group face.

Transparent and open communication with stakeholders is critical to the long-term success of the Company.

These engagements provide input that helps to strengthen our programmes, identify opportunities and material issues, and ensures compliance with the Companies Act and King IV.

The committee reviews quarterly reports on Mpac's engagement with stakeholders and further reviews a list of its primary stakeholders annually to ensure it reflects the key groupings with which Mpac interacts.

The Group's Stakeholder Engagement Policy is also reviewed annually. More information about Mpac's key stakeholders and engagements during 2019 are available on page 41.

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## Independent assurance

The Mpac Dashboard System has improved the capture of relevant sustainability data and the committee is satisfied that the disclosure is adequate and the information accurate.

Various external assurances have been obtained and these are listed in detail in the Sustainability Review. Mpac has not received assurance for the Sustainability Review in its entirety.

The committee is satisfied with the Group's progress in the different areas and with its plan for the 2020 financial year.

The environmental and social sustainability of Mpac is important to the Group and a detailed Sustainability Review has been prepared, which reports in more detail on its employees, environmental impacts and CSI. These issues are of significant importance to the Group in terms of its obligations to all of its stakeholders. The Sustainability Review can be found on the Company's website. [🌐](#)

I would like to thank my fellow Social and Ethics Committee members for their efforts during the year and their ongoing commitment to driving transformation in the Group through the committee's various portfolios.

On behalf of the Social and Ethics Committee

### **Ntombi Langa-Royds**

*Social and Ethics Committee Chairman*

24 March 2020



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